

ECONOMIC CONDITIONS in New Hampshire



October 2003

Volume 103, Number 10

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Recession hit high tech industries in New Hampshire

Over 6,400 high tech jobs lost from 2001 to 2002

What effect did the economic downturn have on employment in high tech industries in New Hampshire? To answer the question, we need to first define high tech industries.

High tech industries under NAICS

While no official Bureau of Labor Statistics (BLS) definition of high technology under NAICS¹ has been developed, the Office of Technology Policy under the Department of Commerce has converted the BLS high technology list of SIC codes into NAICS codes. The result is a high technology list that includes 39 industries, where 29 represent manufacturing and ten repre-

sent service providing industries. The list from the Office of Technology Policy differs from the original BLS high technology list of SIC codes in that NAICS contains more industry detail related to information technology industries and more and broader codes on rapidly growing industries, such as communications and computers.

Changes in covered² high tech employment

Based on these new definitions, total high technology covered employment in New Hampshire was 52,616 in 4th quarter 2002, it accounted for almost eight percent of total employment in New Hampshire. From the 4th quarter 2001 to 4th quarter 2002, employment

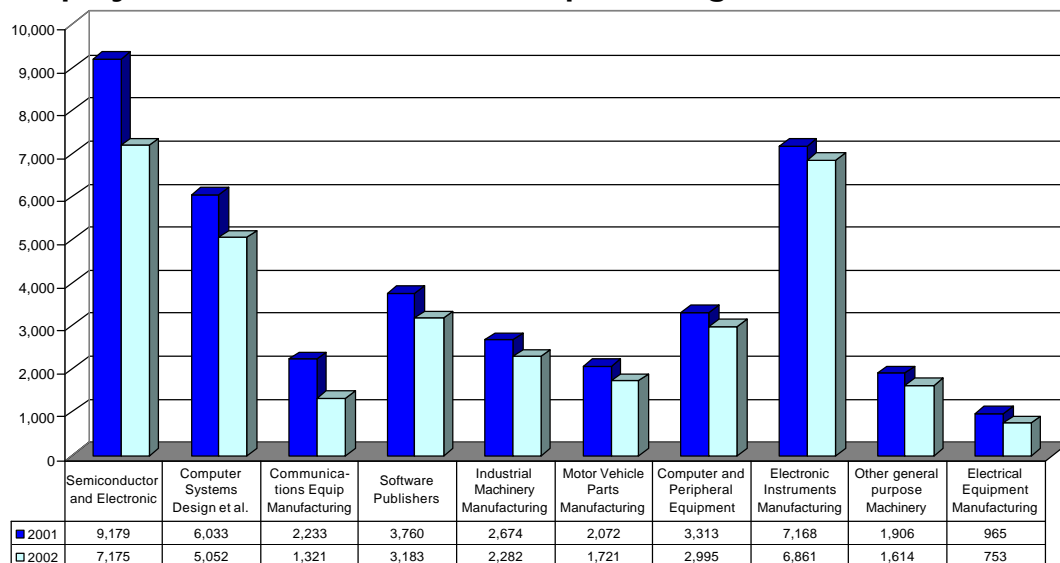
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Employment
SECURITY

Employment in selected New Hampshire high tech industries



Continued from page 1

went down 11 percent, meaning that 6,401 high technology jobs were lost over-the-year.

The three high tech industries adding the most jobs, when comparing employment levels from 4th quarter 2001 to 4th quarter 2002, were Pharmaceutical and medicine manufacturing, Medical equipment and supplies manufacturing, and Educational support services. Pharmaceutical and medicine manufacturing added the most new jobs with 183 and Educational support services had the fastest growth rate at 45 percent, accounting for 118 new jobs.

Semiconductor and electronic component manufacturing was the industry in New Hampshire where the most jobs were lost between the end of 2001 and the end of 2002. During this period over 2,000 jobs were lost and the net change in company units (work-sites) was ten. The biggest net increase in company units was in Computer systems design and related services with 64 units. This sector also had the second largest loss in employment with 981 lost jobs. Soft-

ware publishers had the second largest net change in company units with 30 units lost over-the-year. Employment in Communications equipment manufacturing had the highest rate of decline at 41 percent, equivalent to 912 lost jobs, ranking it third in absolute number of jobs lost.

The high number of lost jobs in Semiconductor and electronic component manufacturing, and Communication equipment manufacturing in New Hampshire follows a national trend. In the 18 months following January 2001, the nation lost 227,700 Semiconductor and electronic component manufacturing jobs and 86,100 Communications equipment jobs.³

Within New Hampshire, Communications equipment manufacturing was the industry where average weekly wage dropped the most from 2001 to 2002 by \$215. Other general purpose machinery manufacturing industry wages increased the most by \$256. Both of these industries are among the 10 high tech industries losing the most jobs in New Hamp-

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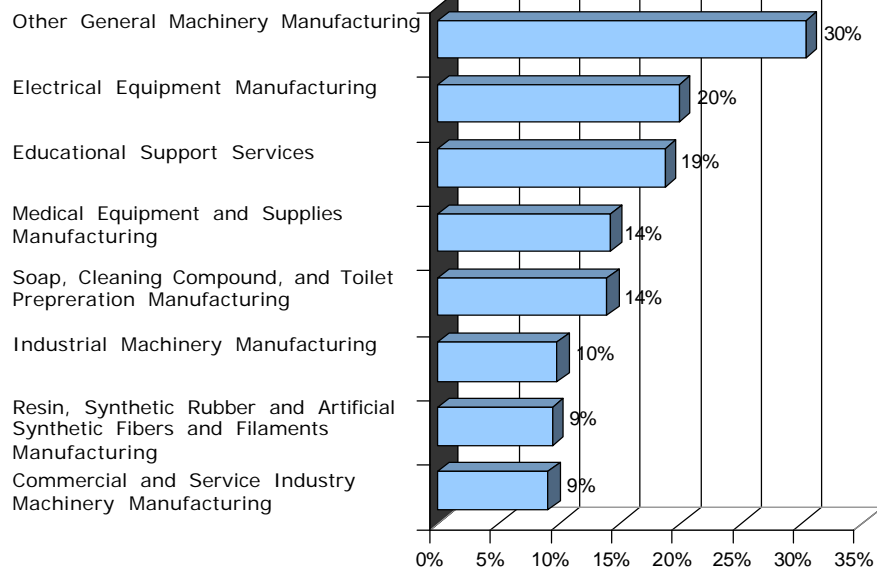
Comparisons of change in job levels and average weekly wages among high tech industries between 2001 - 2002

NAICS	Industry	2001 Q4			2002 Q4			Difference		
		Units	Avg. Emp	AWW	Units	Avg. Emp	AWW	Units	Avg. Emp	AWW
3344	Semiconductor and Electronic Component Manufacturing	161	9,179	\$868.23	151	7,175	\$885.54	-10	-2,004	\$17.31
5415	Computer Systems Design and Related Services	1233	6,033	\$1,504.31	1169	5,052	\$1,597.62	-64	-981	\$93.31
3342	Communications Equipment Manufacturing	40	2,233	\$1,551.23	36	1,321	\$1,336.00	-4	-912	-\$215.23
5112	Software Publishers	212	3,760	\$1,622.85	182	3,183	\$1,551.31	-30	-577	-\$71.54
3332	Industrial Machinery Manufacturing	48	2,674	\$1,070.77	51	2,282	\$1,175.54	3	-392	\$104.77
3363	Motor Vehicle Parts Manufacturing	9	2,072	\$661.00	7	1,721	\$671.15	-2	-351	\$10.15
3341	Computer and Peripheral Equipment Manufacturing	36	3,313	\$1,824.77	33	2,995	\$1,836.23	-3	-318	\$11.46
3345	Electronic Instruments Manufacturing	86	7,168	\$1,247.46	79	6,861	\$1,306.54	-7	-307	\$59.08
3339	Other General Purpose Machinery Manufacturing	47	1,906	\$846.08	43	1,614	\$1,102.00	-4	-292	\$255.92
3353	Electrical Equipment Manufacturing	28	965	\$942.77	26	753	\$1,130.00	-2	-212	\$187.23

shire. Wages for eight of the ten high tech industries with most lost jobs still had an increase in average weekly wages. Wages were seemingly not directly affected by the huge layoffs in these industries. But beware of how averages can be deceiving. Average weekly wages for Industrial machinery manufacturing, Electrical equipment manufacturing, and Other general purpose machinery manufacturing increased 10, 20 and 30 percent, respectively over-the-year. Typically, when layoffs occur, employees affected first are often those who have less seniority and the remaining employees generally have higher pay scales, thus the average

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Increase in average weekly wages for those industries losing the most jobs 2001 - 2002



Unemployment Compensation Claims Activity

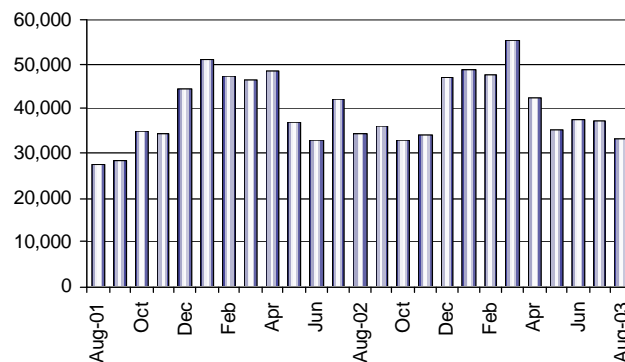
Total Regular Unemployment Compensation Programs:	Change from Previous						
				Month		Year	
	Aug-03	Jul-03	Aug-02	Net	Percent	Net	Percent
Initial Claims	3,381	5,283	3,812	-1,902	-36.0%	-431	-11.3%
Continued Weeks	33,473	37,505	34,549	-4,032	-10.8%	-1,076	-3.1%

Claims Activity

Unemployment Compensation Fund

Unemployment compensation fund balance at the end of August	\$248,096,215.14
Average payment for a week of total unemployment:	\$253.52
Net benefits paid:	\$8,943,124.66
Net contributions received during the month:	\$4,700,176.96
Interest Received:	\$0.00
Reed Act Distribution:	\$0.00
Reed Act Withdrawn:	\$0.00

Trust Fund



Continued Weeks Claimed

Aug. 2001 - Aug. 2003

Slight signs of improvement in the economy showed as levels of both continued weeks claimed and initial claims edged downward from both last month and last year.

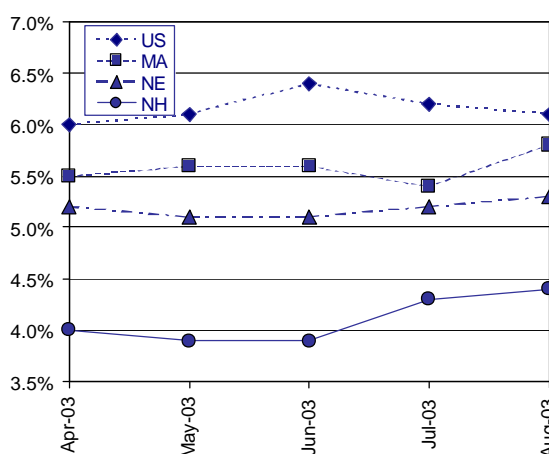
Aug-03	Jul-03	Aug-02	Change from Previous	
			Month	Year
180.7	183.9	180.7	0.1%	2.2%

United States
All Urban Areas (CPI-U)
(1982-1984=100)

Consumer Price Index

N.H. and U.S. Seasonally Adjusted Unemployment Rates

New Hampshire joined Massachusetts in being the only two states in New England to have an increase in their unemployment rates over-the-month.



Unemployment Rates by Region

	preliminary Aug-03	revised Jul-03	Aug-02
United States	6.1%	6.2%	5.8%
Northeast	5.7%	5.8%	5.7%
New England	5.3%	5.2%	5.0%
Connecticut	5.0%	5.2%	4.4%
Maine	4.8%	4.9%	4.4%
Massachusetts	5.8%	5.4%	5.6%
New Hampshire	4.4%	4.3%	4.9%
Rhode Island	5.3%	5.6%	5.1%
Vermont	4.0%	4.1%	3.8%
Mid Atlantic	5.8%	6.0%	5.9%
New Jersey	5.9%	6.1%	6.0%
New York	6.2%	6.1%	6.1%
Pennsylvania	5.2%	5.6%	5.7%

Seasonally Adjusted Labor Force Estimates

By Place of Residence

	Apr-03	May-03	Jun-03	revised Jul-03	preliminary Aug-03
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New Hampshire

Unemployment Rate	4.1%	4.0%	3.9%	3.9%	4.3%	4.4%
Civilian Labor Force	715,690	714,670	711,500	714,160	719,090	717,810
Number Employed	686,550	685,850	684,030	686,030	688,090	685,990
Number Unemployed	29,140	28,820	27,470	28,130	31,000	31,820

United States (in thousands)

Unemployment Rate	5.8%	6.0%	6.1%	6.4%	6.2%	6.1%
Civilian Labor Force	145,793	146,473	146,485	147,096	146,540	146,530
Number Employed	137,348	137,687	137,487	137,738	137,478	137,625
Number Unemployed	8,445	8,786	8,998	9,358	9,062	8,905

Seasonally Adjusted Nonfarm Employment

By Place of Establishment

Supersector	Apr-03	May-03	Jun-03	revised Jul-03	preliminary Aug-03
Total Nonfarm	615,300	615,600	617,800	619,000	617,700
Construction	26,900	26,900	26,600	26,800	26,800
Manufacturing	81,500	82,100	82,300	82,700	82,000
Trade, Transportation, and Utilities	137,900	138,900	139,200	138,000	137,500
Leisure and Hospitality	62,100	62,800	63,500	64,600	65,100
Government	88,900	86,800	89,300	89,100	88,800

Labor Force Estimates

New Hampshire	Jun-03	May-03	Jun-02
Number of workers	preliminary	revised	
Total Civilian Labor Force	722,950	709,680	714,560
Employed	694,090	683,130	680,350
Unemployed	28,860	26,550	34,210
Unemployment Rate (percent of labor force)	4.0%	3.7%	4.8%

Unemployment Rates by Area

	preliminary Jun-03	revised May-03	Jun-02
U.S. and Regional States			
United States	6.5%	5.8%	6.0%
Northeast	5.6%	5.5%	5.6%
New England	5.2%	4.9%	4.9%
Connecticut	5.2%	5.0%	4.4%
Maine	4.4%	4.4%	4.3%
Massachusetts	5.7%	5.3%	5.4%
New Hampshire	4.0%	3.7%	4.8%
Rhode Island	5.5%	5.1%	4.5%
Vermont	3.7%	3.7%	3.4%
Mid Atlantic	5.8%	5.7%	5.8%
New Jersey	5.8%	5.4%	6.0%
New York	5.9%	5.9%	5.9%
Pennsylvania	5.8%	5.7%	5.6%

Labor Market Areas

Berlin LMA	4.5%	4.7%	9.9%
Seabrook-South Hampton NH			
Portion Boston MA-NH PMSA	6.5%	6.3%	8.6%
Claremont LMA	2.6%	2.3%	2.7%
Colebrook LMA	2.0%	4.3%	2.3%
Concord LMA	3.0%	2.6%	3.4%
Conway LMA	3.0%	3.3%	4.0%
NH Portion Hartford-Lebanon, VT-NH LMA	1.4%	1.2%	1.7%
NH Portion Keene-Brattleboro, NH-VT LMA	2.8%	2.5%	3.3%
Laconia LMA	2.9%	2.8%	4.2%
Lancaster LMA	3.3%	3.9%	4.1%
Salem-Derry, NH Portion			
Lawrence, MA-NH PMSA	5.9%	5.6%	7.0%
Littleton LMA	2.7%	2.9%	2.9%
Pelham, NH Portion Lowell, MA-NH PMSA	6.3%	5.5%	7.3%
Manchester PMSA	4.1%	3.9%	4.7%
Nashua PMSA	5.3%	5.0%	6.3%
Peterborough LMA	3.8%	3.4%	4.0%
Plymouth LMA	2.9%	3.2%	3.3%
NH Portion Portsmouth- Rochester, NH-ME PMSA	3.7%	3.3%	4.5%

Counties

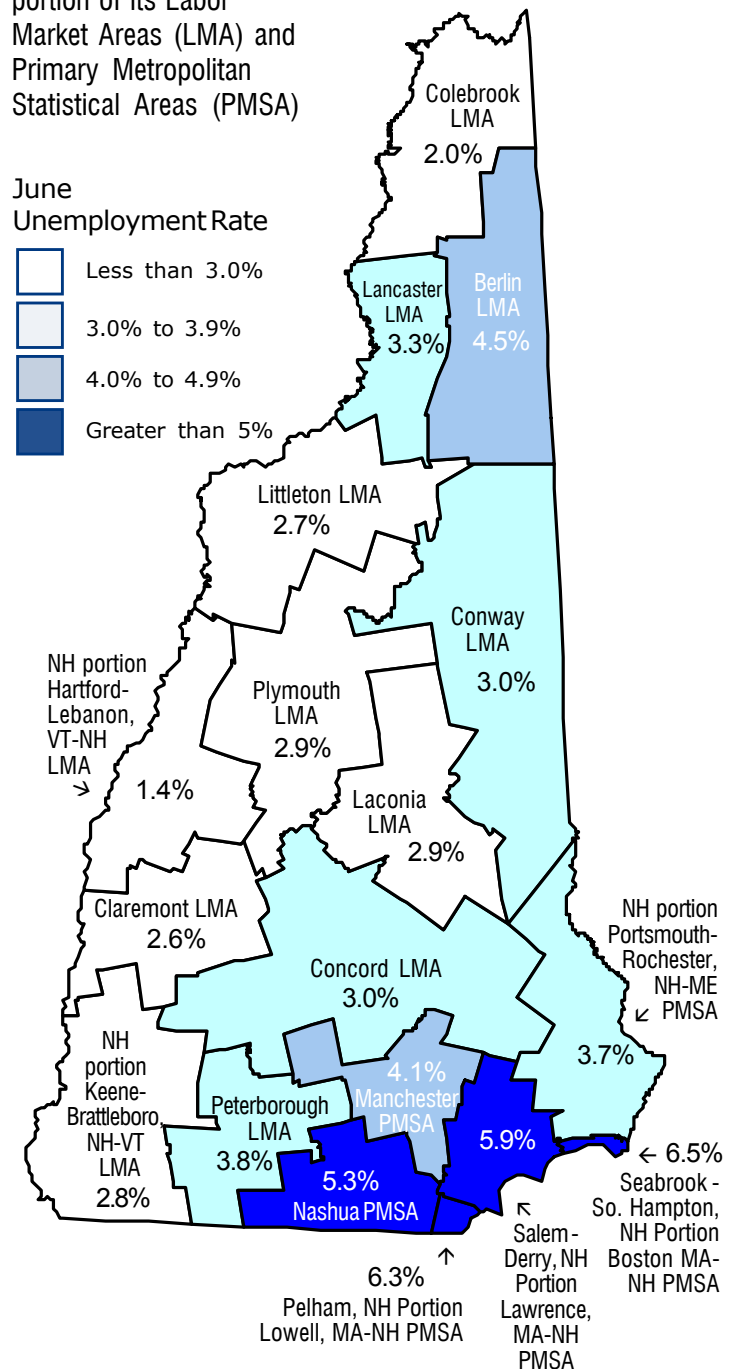
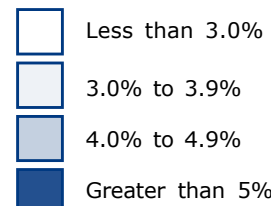
Belknap	3.0%	2.8%	4.4%
Carroll	2.9%	3.3%	3.6%
Cheshire	3.1%	2.8%	3.5%
Coos	3.8%	4.5%	6.7%
Grafton	2.1%	2.0%	2.4%
Hillsborough	4.7%	4.4%	5.5%
Merrimack	3.0%	2.6%	3.3%
Rockingham	5.0%	4.6%	5.9%
Strafford	3.7%	3.4%	4.9%
Sullivan	2.7%	2.4%	2.6%

Local Area
Unemployment
Statistics
(LAUS)Not Seasonally
Adjusted

By Place of Residence

Unemployment rates in the New Hampshire portion of its Labor Market Areas (LMA) and Primary Metropolitan Statistical Areas (PMSA)

June
Unemployment Rate



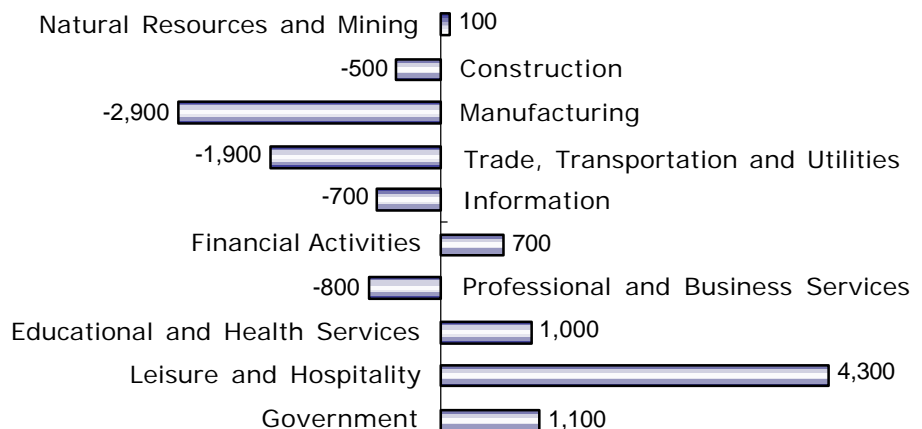
Educational and health services, Construction, and Trade, transportation and utilities were primarily responsible for reductions in the Private work force over the month.

Monthly Not Seasonally Adjusted New Hampshire Nonfarm Wage and Salary Employment

Current Employment Statistics Employment by Sector by place of establishment	Number of Jobs			Change from previous:	
	Aug-03 (preliminary)	Jul-03 (revised)	Aug-02	Month	Year
Total All Sectors	618,900	620,900	618,700	-2,000	200
Private Employment Total	539,500	540,100	540,400	-600	-900
Natural Resources & Mining	1,100	1,100	1,000	0	100
Construction	28,200	28,400	28,700	-200	-500
Manufacturing	81,600	81,500	84,500	100	-2,900
Durable Goods	60,400	60,200	62,600	200	-2,200
Non-Durable Goods	21,200	21,300	21,900	-100	-700
Trade, Transportation and Utilities	137,800	138,200	139,700	-400	-1,900
Wholesale Trade	25,900	26,000	26,700	-100	-800
Retail Trade	95,800	96,300	96,900	-500	-1,100
Transportation and Utilities	16,100	15,900	16,100	200	0
Information	12,000	12,100	12,700	-100	-700
Financial Activities	37,700	37,700	37,000	0	700
Professional and Business	53,100	52,800	53,900	300	-800
Educational and Health	92,500	92,800	91,500	-300	1,000
Leisure and Hospitality	73,600	73,300	69,300	300	4,300
Other Services	21,900	22,200	22,100	-300	-200
Government Total	79,400	80,800	78,300	-1,400	1,100

Change in Nonfarm Employment

Aug. 02 to Aug. 03



Monthly Analysis of Current Employment Statistics (CES) Data

For further analysis please read the *Detailed Monthly Analysis of Industry Employment Data* on our Web site at www.nhes.state.nh.us/elmi/nonfarm.htm

Seasonally Adjusted: New Hampshire's employment levels declined by 1,300 jobs according to preliminary seasonally adjusted estimates for August. Manufacturing (supersector 30) headed the list of job losers with a 700-job reduction. Employment in trade, transportation, and utilities (supersector 40) fell by 500 jobs. In rounding out that list, government (supersector 90) saw its ranks contract by 300 jobs.

There was one bright spot in the August estimates as leisure and hospitality

(supersector 70) added 500 jobs to its labor inventory.

Unadjusted: Total nonfarm employment was reduced 2,000 jobs in August's preliminary unadjusted estimates. Government (supersector 90) incurred the largest setback with a 1,400-job loss. Next came trade, transportation, and utilities (supersector 40) with a 400-job reduction. Education and health services (supersector 65) and other services

Continued on page 7

Monthly Unadjusted Nonfarm Wages and Salary Employment by Primary Metropolitan Statistical Area

Employment by Sector number of jobs by place of establishment	Manchester PMSA			Nashua PMSA			Portsmouth-Rochester NH-ME PMSA		
	Preliminary	Change from previous:		Preliminary	Change from previous:		Preliminary	Change from previous:	
	Aug-03	Month	Year	Aug-03	Month	Year	Aug-03	Month	Year
Total All Sectors	106,000	-700	400	91,700	-800	-2,500	126,300	-500	-900
Private Employment Total	95,200	-500	-200	83,300	-400	-2,500	105,600	-200	-500
Natural Resources and Construction	6,900	0	500	3,900	0	0	4,700	0	100
Manufacturing	11,700	-100	0	21,000	-300	-2,000	12,200	-100	-1,500
Trade, Transportation, and Utilities	23,500	-100	-300	20,800	-100	-200	28,100	-200	1,500
Wholesale Trade	6,300	0	200	3,600	0	100	4,300	0	0
Retail Trade	13,400	-200	-500	15,200	-100	-300	21,200	-200	1,600
Transportation and Utilities	3,800	100	0	2,000	0	0	2,600	0	-100
Information	3,100	0	-100	1,600	-100	-200	3,200	0	0
Financial Activities	8,600	0	-100	6,200	0	-200	7,600	0	200
Professional and Business	12,200	100	-400	7,400	100	-100	11,100	200	-1,000
Educational and Health	16,100	-300	400	11,600	0	200	18,500	0	300
Leisure and Hospitality	8,600	-100	-300	7,600	0	0	13,400	13,400	13,400
Services	4,500	0	100	3,200	0	0	4,200	0	100
Government Total	10,800	-200	600	8,400	-400	0	20,700	-300	-400

Average Earnings and Hours of Production Workers in Manufacturing

Sector	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Aug-03 prelim.	Jul-03 revised	Aug-02	Aug-03 prelim.	Jul-03 revised	Aug-02	Aug-03 prelim.	Jul-03 revised	Aug-02
New Hampshire									
All Manufacturing	\$584.21	\$585.57	\$556.53	39.5	39.3	39.0	\$14.79	\$14.90	\$14.27
Durable Goods	605.81	615.78	587.32	40.2	40.3	40.2	15.07	15.28	14.61
Nondurable Goods	528.55	512.17	479.77	37.7	36.9	36.1	14.02	13.88	13.29
Manchester PMSA									
All Manufacturing	\$632.41	\$630.34	\$585.38	39.6	39.2	37.5	\$15.97	\$16.08	\$15.61
Nashua PMSA									
All Manufacturing	\$559.40	\$569.80	\$538.43	36.9	37.0	37.6	\$15.16	\$15.40	\$14.32
Portsmouth-Rochester, NH-MA PMSA									
All Manufacturing	\$647.22	\$656.80	\$657.77	42.0	42.9	42.3	\$15.41	\$15.31	\$15.55

(supersector 80) each pared 300 jobs from their respective rolls. Construction (supersector 20) trimmed 200 jobs in the August estimates, and information (supersector 50) dropped 100 jobs to complete the downside.

The employment levels in natural resources and mining (supersector 10) and financial activities (supersector 55) enjoyed a stable August as those totals remained unchanged in over-the-month activity.

Three supersectors found it necessary to increase the work force size in August. Professional and business services (supersector 60) and leisure and hospitality (supersector 70) each brought 300 additional workers on board, and manufacturing (supersector 30) increased its labor pool by 100 jobs.

B. G. McKay

Continued from page 3

wage rises. Those employees retaining their jobs may still have been economically affected, either by having to pay higher share of health insurance or by experiencing other reductions in benefits. The drop in average weekly wage for Communications equipment manufacturing could be explained by a decrease in overtime pay.

Eight out of the ten high tech industries losing the most jobs are Manufacturing industries. It could be concluded that the impact of the economic downturn on the high tech industries was a result of the dramatic decline in Manufacturing. High tech employment even went down at a faster rate than Manufacturing. From 4th quarter 2001 to 4th quarter 2002, Manufacturing declined 8.7 percent.

While New Hampshire experienced just over a percentage point decline in the share of high tech employment, to 9.2 percent of total employment from fourth quarter 2001 to fourth quarter 2002, the concentration of high tech employment still remains higher than the national average of 7.4 percent.

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**Local Area Unemployment
Statistics**

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**Occupational Employment
Statistics**

229-4315

- ¹ North American Industry Classification System (NAICS) replaced the Standard Industrial Classification System (SIC).
- ² The employment and wage data used for this article were pulled from ES 202 (covered employment) database on July 22, comparing employment data from 4th quarter 2001 and 4th quarter 2002.
- ³ Bureau of Labor Statistics, Daily report, Monday, August 4, 2003.

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